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Monetary and Banking System; Budget and Public Loans

THE monetary unit of Albania is the gold Franc at one hundred Qindtar according to the law of July 12, 1925. The gold coin of twenty gold Francs has a weight of 6.45161 grams with an allowance of 1.29%. The issues of the Albanian National Bank are for five, twenty and one hundred gold Francs, and the coins issued for circulation are for one, one-half and one-fourth Lek, one Lek being the equivalent of one-fifth of a gold Franc—a Lek having twenty Qindtar.

The Albanian National Bank (Banka Kombëtare e Shqipnis) was created by law of September 2, 1925.

The exclusive privilege of emitting notes was granted to the Albanian National Bank, which is a limited company, and which right is solely theirs for a duration of fifty years. The capital of the bank is 12,500,000 gold Francs of which three-tenths are actually

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●453 paid in. The by-laws of the bank provide that the notes issued for circulation have to be covered with thirty-three and one-third per centum; any decline of this percentage would have, eventually, to be circumvented by an increase of the rate of discount, which, at the present time is two and one-half per centum. Covering must be made in actual gold or of sight-drafts payable in gold; but in any case, one-third of it must consist of actual gold, that is: one-ninth of the total amount of notes in circulation.

436 Notes in circulation were 13,294,840 gold Francs, which were covered by 116%, according to the bank's balance sheet of December 31, 1932; the liabilities of the bank, on the same date, which were payable on sight, amounted to 19,432,192 gold Francs. Both of these totals were balanced by 5,534,837 in gold, sight-drafts also payable in gold amounted to 26,365,270 gold Francs and by 8,041,902 [436] of other stable values. The Albanian gold Franc, at the regular rate of exchange, has for a number of years last past always been equal with the Swiss Franc. In fact, at the present time, the Albanian gold Franc stands higher

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than the Swiss Franc in the regular course of exchange.

The Albanian National Bank has six active branches in the various towns of Albania.

It is rapidly becoming more desirable to establish new banks in Albania, for at present there is only the Albanian National Bank and a branch of a Yugoslavian bank, and with the rapid increase of trade and general impetus to business, there are greater demands for other banking institutions which are becoming a necessity.

The national budget of Albania for the financial year of 1933-34 showed the following figures.

Income	24,563,040 gold Francs
Expense	23,921,683 gold Francs

The national budget for the financial year of 1934-35 showed the following figures:

Income	18,506,500 gold Francs
Expense	18,888,192 gold Francs
Deficit	381,692 gold Francs

For the financial year of 1935-36 the figures of the national budget were as follows:

Income	17,237,191 gold Francs
Expense	18,035,563 gold Francs
Deficit	798,372 gold Francs

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blood of his brother this man cannot take his rightful position in the family or in the community to which he belongs, and rather than be an outcast and scorned by his people he is prepared to spend a great part of his life in gaol. Such is the Balkan code of honour.

At Koritza I found that the money in circulation was no longer Italian. Here, as at Tirana, one transacted business with the krone (or crown) instead of with the lira, as at Durazzo, Valona, Argyrocastron and in the South generally. The currency, moreover, was entirely metal, and consisted, in addition to the Austrian krone itself, of Turkish silver coins, Greek silver drachmae, Serbian dinars, and so forth—the basis being gold. There are no banks, but there are money-changers who are always quite willing to cash British or American notes, and who have drawers full to the brim with gold—French napoleons, English sovereigns and half-sovereigns, and American five-dollar pieces. I had not seen so much gold at one time since the old days before the war when bank cashiers in English used to gather it up from the counter by the shovelful.

The absence of banks must, one would imagine, be a considerable hindrance to the commercial development of a country. Nevertheless it is remarkable how little difference it seems to make in Albania, and I began to wonder whether banks are, after all, as essential as we are prone to think. It was likely, however, at the time of which I am writing, that an Albanian bank would shortly be established with headquarters at Tirana. A proposal had been made by the

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453 Italian Government to finance such a bank with a loan, and
457 the question of the acceptance or refusal of this offer was then being discussed by the Chamber. The offer was hedged in by conditions of which one I understood, was a requirement that in case of any default in repayment the Italian Government should be entitled to seize the Albanian customs. But it was difficult to get information upon the accuracy of which one could depend. In the end the Chamber did, I believe, accept the Italian offer, so that Albania now, presumably, has a bank, and Italy another large finger in the Albanian pie.

000 As I had been saved from the necessity of sleeping at the Hotel Metropole—thanks to the kind hospitality of my American friends—I was able to stay for some days in Koritza before moving on to the Lake of Ochrida. I wanted, if possible, to cross the lake by steamer and visit the town of
[505] Ochrida and its celebrated monastery, and I was told that a steamer service ran there from Podgradetz, a lakeside village distant an hour and a half from Koritza by post lorry. So I booked a seat and departed.

133 On the afternoon of my arrival the lake was looking extremely beautiful—sky, water, and mountains mingling in a haze of turquoise and opal. But I found that it was always changing. The next day there were thunderstorms about and the surface of the lake was vivid green against a background of violet mountains half hidden in inky clouds. On the day after that the water was a deep blue, and the mountains were veiled in a soft grey mist. And so on, through infinite variations.